

REPORT BY THE  
AUDITOR GENERAL  
OF CALIFORNIA

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**THE TRANSFER OF THE ADMINISTRATION  
OF THE VETERANS PREFERENCE PROGRAM  
HAS BEEN COST EFFECTIVE**

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REPORT BY THE  
OFFICE OF THE AUDITOR GENERAL  
TO THE  
JOINT LEGISLATIVE AUDIT COMMITTEE

P-358

THE TRANSFER OF THE ADMINISTRATION  
OF THE VETERANS PREFERENCE PROGRAM  
HAS BEEN COST EFFECTIVE

JANUARY 1984

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Auditor General

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January 20, 1984

P-358

Honorable Art Agnos, Chairman  
Members, Joint Legislative  
Audit Committee  
State Capitol, Room 3151  
Sacramento, California 95814

Dear Mr. Chairman and Members:

The Office of the Auditor General presents its report concerning the administration of the Veterans Preference Program. This report indicates that the State Personnel Board administers the Veterans Preference Program more efficiently than did the Department of Veterans Affairs.

Respectfully submitted,

  
THOMAS W. HAYES  
Auditor General

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## SUMMARY

In July 1982, the Legislature transferred the responsibility for the veterans preference program from the Department of Veterans Affairs (department) to the State Personnel Board (board) to enable the State to save money. We compared each agency's administration of this program and found that while both administered the program adequately, the board has administered the program at a lower cost. We estimated that the board spent \$35,800 less than the department to administer the program for the period of our review.

The veterans preference program was established to enhance veterans' chances of obtaining entry-level, civil service jobs. The two activities involved in administering the veterans preference program are verifying the eligibility of veterans for preference points and adding extra points to veterans' examination scores.

In administering the program, the board uses essentially the same procedures that the department developed and used. We did not find any difference in the adequacy of the agencies' administration of the program. However, we did find that the board processed more applications and reviewed more names on examination lists with fewer staff and at a lower cost.

## INTRODUCTION

The veterans preference program (program) was established in 1945 to enhance veterans' chances of obtaining entry-level, civil service jobs. The program enables veterans, widows or widowers of veterans, and spouses of veterans who are 100 percent disabled to receive additional points on their civil service examination scores. The Department of Veterans Affairs (department) administered the veterans preference program until July 1982 when the Legislature transferred the program to the State Personnel Board (board) to achieve cost savings.

The board and those state agencies that have been delegated responsibility by the board conduct examinations to test and rank applicants for state civil service employment. In general, applicants can receive a maximum of 99 points on these examinations. However, veterans who received an other-than-dishonorable discharge from military service, widows or widowers of eligible veterans, and spouses of veterans who are 100 percent disabled can have an additional 10 points added to their scores on open examinations for entry-level, state civil service positions. A disabled veteran can receive 15 additional points, and thus score as high as 114 on an examination.

One of the two primary activities involved in administering the program is processing applications to establish veterans' eligibility for preference points. Veterans, widows, or widowers of veterans may apply for veterans preference points at any time. Applicants must submit an

application with proof of their eligibility, such as copies of discharge papers. Disabled veterans must submit proof of their disability or have the board verify the disability by obtaining a confirmation from the federal Veterans Administration. Once the board has reviewed the completed applications and the necessary supporting documents, the board adds the names of those applicants who qualify to the master eligibility list.

The second activity involved in administering the program is adding veterans preference points to examination scores. After one of the qualifying civil service examinations is given, the board checks the list of those persons who passed the examination against the list of veterans who have qualified to receive extra points. The board then adds the appropriate number of preference points to the veterans' examination scores.

#### SCOPE AND METHODOLOGY

We reviewed the State Personnel Board's administration of the veterans preference program and we compared the board's administration with the Department of Veterans Affairs' administration of the program. We reviewed the activities that were transferred from the department to the board, and we examined each agency's annual cost of administering the program, as well as its staffing, workload, certification procedures, timeliness of application processing, and adequacy of services provided.

As part of our review, we interviewed officials at the board and at the department. We reviewed 243 applications that the board approved during fiscal year 1982-83 and the first four months of fiscal year 1983-84, and 101 applications that the department approved during fiscal year 1981-82. We also interviewed personnel from six state agencies that conducted examinations on behalf of the board. Finally, we interviewed officials of the California Veterans Board, which contacted veterans' organizations throughout the State to solicit complaints about the administration of the veterans preference program.



## ANALYSIS

### THE STATE PERSONNEL BOARD ADMINISTERS THE VETERANS PREFERENCE PROGRAM MORE EFFICIENTLY THAN THE DEPARTMENT OF VETERANS AFFAIRS

The State Personnel Board (board) and the Department of Veterans Affairs (department) have both adequately administered the veterans preference program (program). However, for the period of our comparison, the board processed more applications, approved applications more quickly, and reviewed more names on examination lists than did the department. The board also conducted these activities with fewer staff and at a lower cost.

In administering the program, the board used essentially the same procedures as the department used. For example, the board uses virtually the same form letters to ask applicants for information, the same master list of eligible veterans, and the same procedures to determine if candidates who are successful on civil service examinations are eligible for veterans preference points. The only difference in the two agencies' administration of the program is that the board verifies a veteran's disability by sending a memorandum to the federal Veterans Administration, while the department phoned this federal agency once a week to verify eligibility.

Although both agencies administered the program adequately, the board approves applications more quickly and processes more applications

than the department did when it was responsible for the program. The board also reviewed more names on examination lists. Table 1 below shows the workload statistics for the program for fiscal years 1981-82 and 1982-83.

TABLE 1  
WORKLOAD STATISTICS FOR  
THE VETERANS PREFERENCE PROGRAM  
FISCAL YEARS 1981-82 AND 1982-83

	<u>Applications Received</u>	<u>Applications Processed</u>	<u>Average Approval Time (Working Days)</u>	<u>Number of Names Reviewed on Examination Lists</u>
Department of Veterans Affairs (1981-82)	7,046	6,905	11	39,559
State Personnel Board (1982-83)	9,813	9,317	8	49,164

As the table shows, the board processed 35 percent more applications in fiscal year 1982-83 than the department processed during its last year of administering the program. Furthermore, the board averaged three fewer working days to approve an application. For the first four months of fiscal year 1983-84, the board processed 2,978 applications in an average approval time of four working days. The average approval time represented in Table 1 reflects the average number of working days between the time the agency received the application and the time the agency verified that the applicant qualified for veterans preference points.

Both the board and the state agencies administering examinations develop lists of candidates who pass civil service examinations. The names on these examination lists are checked against a master veterans preference list to identify those persons who should receive veterans preference points. Although we determined the number of names reviewed, we could not determine how promptly either the board or the department reviewed the names on these lists because there was no indication of when the lists were received and checked. However, staff at several agencies that establish examination lists stated that the board and the department verified the names on the examination lists promptly.

In December 1983, the board implemented a new computer program to improve its verification system. This program will check names on examination lists and match them with the master list of those qualified for veterans preference points. The board believes that this system will make its review of examination lists more efficient.

In addition to being more efficient in processing applications and reviewing more names on examination lists, the board also administers the veterans preference program more economically than the department did. The board has allocated fewer staff to administer and supervise the program. The board has one full-time staff member administering the program, while the department used two full-time staff members. Table 2 below presents each agency's staffing and estimated program costs.

TABLE 2  
 STAFF POSITIONS AND ESTIMATED PROGRAM COSTS  
 FOR ADMINISTERING THE VETERANS PREFERENCE PROGRAM  
FISCAL YEARS 1981-82 AND 1982-83

	<u>Staff Positions</u>	<u>Estimated Total Program Costs</u>
Department of Veterans Affairs (1981-82)	2.2	\$62,300
State Personnel Board (1982-83)	1.2	\$26,500

As the table shows, the board used one less staff position to administer the program, and the board spent \$35,800 less than the department to administer the program. Staff positions include supervisory participation, and estimated program costs include salaries and benefits, overhead, and computer expenses.

During our review, we noted a discrepancy between the figures that the department originally provided us for staff positions and program costs and the figures contained in the department's fiscal year 1982-83 budget. When the program was transferred to the board, the department's budget was cut by 3.1 positions and \$93,000. These amounts were included in the department's budget for fiscal year 1982-83. However, department administrators indicated that these budgeted figures were overstated. Consequently, we based our estimates of the number of staff positions used and the department's cost of administering the program on subsequent information that department staff provided us.

We conducted this review under the authority vested in the Auditor General by Section 10500 et seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Respectfully submitted,

  
THOMAS W. HAYES  
Auditor General

Date: January 17, 1984

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## State and Consumer Services Agency

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January 9, 1984

Mr. Thomas W. Hayes  
Auditor General  
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660 J Street, Suite 300  
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Dear Mr. Hayes:

I would like to thank you for the opportunity to review the draft copy of the Auditor General's Report (P-358), "The Legislature's Transfer of the Administration of the Veterans Preference Program Has Been Cost Effective." We find that the Report is factually correct and does not present any operational problems for this Agency. We are continuing to improve the efficiency and timeliness of the program as described in the Report so that appropriate recognition continues to be given to California's veterans in the State's civil service testing program. We are reviewing this program in the context of other services provided to California veterans to determine if the permanent placement of the preference program with the State Personnel Board is warranted.

Sincerely,

A handwritten signature in cursive script, appearing to read "Shirley R. Chilton".

SHIRLEY R. CHILTON  
Secretary of the Agency

cc: Members of the Legislature  
Office of the Governor  
Office of the Lieutenant Governor  
State Controller  
Legislative Analyst  
Director of Finance  
Assembly Office of Research  
Senate Office of Research  
Assembly Majority/Minority Consultants  
Senate Majority/Minority Consultants  
Capitol Press Corps